

ORDER NO. 26-191

ENTERED May 27 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 677

In the Matter of

Rulemaking to Establish General Rate
Revisions Filing Schedule and Exception
Process (HB 3179 Implementation).

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on May 26, 2026, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Alison Lackey

Chief Administrative Law Judge



ITEM NO. RM2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 26, 2026**

REGULAR ☐ CONSENT ☐ RULEMAKING ☒ EFFECTIVE DATE N/A

DATE: May 19, 2026

TO: Public Utility Commission

FROM: Michelle Scala

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. AR 677)
General Rate Revision Rulemaking for FAIR Energy Act (HB 3179).

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should issue a notice of proposed rulemaking to consider an addition to administrative rules under Division 22 of OAR Chapter 860, establishing an initial filing schedule for electric and gas utility multi-year rate plans as reflected in Attachment 1.

DISCUSSION:

Issue

Whether the Commission should initiate a formal rulemaking process to consider an addition to the Commission's administrative rules establishing the initial filing schedule for utility multi-year rate plans.

Applicable Rule or Law

ORS 757.217 requires the Commission to adopt rules requiring an electric or natural gas company to file a multiyear rate plan on a regular interval.

Under ORS 756.060, the Commission may adopt and amend reasonable and proper rules and regulations relative to all statutes administered by the Commission.

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Analysis

Background

House Bill (HB) 3179 (2025) directs the Commission to transition the Oregon regulatory ratemaking framework for electric and natural gas utilities to multi-year rate plans (MRPs).¹ HB 3179 requires the Commission to set a regular filing cycle for multi-year plans and limit how many utilities may request rate increases in a given year. HB 3179 also prohibits residential rate increases in the winter and utility general rate case increases from going into effect less than 18 months apart. This 18 month “stay out” provision expires in January 2027.

The Commission opened Docket No. AR 676 as a multi-phased rulemaking to establish the MRP framework. Staff is targeting an early 2027 timeline to complete the rulemaking. At the same time, the Commission opened Docket No. AR 677, which is an expedited rulemaking to identify a schedule for each utility to file their first MRP. The goal is to increase predictability in the transition to MRP, give the utilities time to plan and adjust their spending approaches and cost recovery requests as needed, and give the Commission and stakeholders important context to navigate planning and cost recovery issues in the near-term. Given the timeline needed to establish the MRP framework and expiration of the stay-out provision, AR 677 was also intended to provide a venue for discussion of utility approaches to cost recovery during the transition period to MRPs.

Staff began the docket with a scoping survey to gather early input from utilities and stakeholders on scheduling considerations, criteria for exceptions to the near-term stay out during the transition period, and the relationship between AR 677 and the broader MRP framework under development in AR 676. Staff discussed initial concepts with parties through workshops in early 2026 and invited written comments. These discussions revealed wide differences across utilities in timing needs and cost-recovery approaches and showed limited alignment on a standardized transition structure.

In addition to discussing the schedule for each utility’s first MRP, Staff explored whether AR 677 participants could establish common expectations or approaches for transition-period rate filings across utilities, including opportunities to narrow the administrative burden and scope of general rate cases and considerations for the use of deferrals, single issue rate adjustments, and other alternative ratemaking mechanisms.² After reviewing comments and holding additional workshops, Staff concluded that stakeholders did not share enough agreement to support a single, utility-wide transition strategy. To preserve bandwidth for the MRP framework rulemaking, Staff’s final

¹ See ORS 757.217.

² Staff notes that meaningful discussion of the use of index-based rate adjustments was a component of the discussion of opportunities to narrow the administrative burden and scope of general rate increases.

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recommendations for the transition period focus on higher level principles and clarify Staff's ideas for how individual utilities can best balance the principles. Staff presents these concepts to increase predictability and to allow Commission feedback if desired. Staff does not believe these transition period concepts are appropriate to include in administrative rules.

MRP Schedule - Sequencing Proposal

Staff released its initial straw proposal for inaugural MRPs on March 3, 2026.³ Transitioning to an MRP schedule is not straightforward and a single correct approach does not exist. In order to arrive at an initial straw proposal, Staff reviewed the perspectives shared in early survey responses and individual discussions with utilities about their anticipated spending and cost recovery needs. Staff determined that a cadence of one large utility filing (PAC, PGE, NWN) and one small utility filing (AVA, CNG, IPC) per year would allow thorough review of individual filings and manage administrative burden. Staff also determined that a reasonable starting place for sequencing utility filings is to consider utilities' cumulative rate increases in the last two years,⁴ the effective date of utilities' latest GRCs, utilities' unique service territories and customer base, and other practical considerations for utility spending and cost recovery needs, such as asset depreciation strategies, multijurisdictional allocation protocols, and major anticipated expenses. The proposal was built on a presumption that transition period general rate increase requests would be narrowly tailored and MRPs would provide the next opportunity for a comprehensive review of expenses and capital needs.

Figure 1. Staff's Initial MRP Schedule Straw Proposal



Staff received general support for its proposal to limit to two utility filings per year and to sequence the utilities in a manner that avoided overlap of larger, more administratively burdensome cases. Staff also continued to monitor practical considerations for utility

³ Docket No. AR 677, Staff Transition Period Concept- Straw Proposal, March 2, 2026, accessed at: <https://edocs.puc.state.or.us/efdocs/HAH/ar677hah344270037.pdf>.

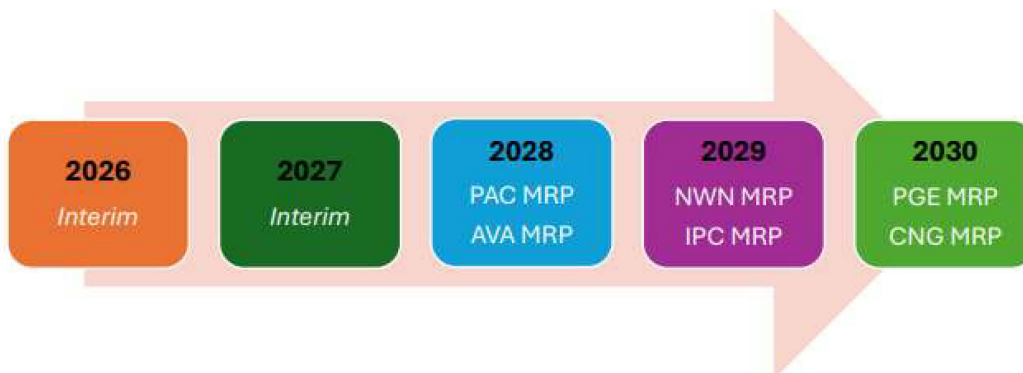
⁴ Consideration of rate increases was inclusive of general rate cases (GRC), power costs, and other single issue rate mechanisms.

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sequencing in broader conversations about the transition period.

On May 21, 2026, Staff released an updated MRP Schedule Proposal.⁵ In this proposal, Staff made one key adjustment: repositioning PacifiCorp's first MRP filing to 2028, in consideration of the timing and material updates of the Company's next depreciation study (June 30, 2027), the impacts of PacifiCorp's 2030 exit from coal and Staff's desire to minimize transition-period cost recovery needs beyond PacifiCorp's currently active general rate case (UE 470). This resulted in an adjustment of NW Natural's first MRP to 2029.

Figure 2. Staff's Second MRP Schedule Proposal



Following the second proposal, additional insights into the appropriate sequencing surfaced. First, more detailed discussion around the rate effective dates for electric versus gas utilities suggests that Staff should expect filing dates that allow for April rate effective dates for electric utilities and October rate effective dates for gas utilities. This approach aligns with the seasonal billing patterns of each sector, reduces the need for new deferrals associated with the winter moratorium on residential rate increases, and supports a smoother transition into the MRP framework for both customer groups and utilities. This is expected to translate roughly to a May filing date for electric utilities and a November filing date for gas utilities.

Second, Staff believes that the MRP schedule should contemplate Idaho Power's forthcoming request to transfer its Oregon service territory. Based on the original sequencing criteria, Idaho Power is assigned to the second set of MRP dates and files in 2029. With uncertainty about the Company's need for future cost recovery proceedings, it might be more reasonable to place Idaho Power in the last group of MRPs with a 2030 filing date. If the service territory transfer is not approved, the

⁵ Docket No. AR 677, Staff MRP Schedule Proposal and Transition Period Approach, April 21, 2026, accessed at: <https://edocs.puc.state.or.us/efdocs/HAH/ar677hah345708110.pdf>.

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Company can file a general rate case to address any emergency gaps in its revenue requirement prior to its first MRP in 2030. Staff believes this is reasonable because Idaho Power general rate cases are typically narrower and are less administratively burdensome.

In addition, several parties raised concerns that utilities with later MRP filing dates may face increased pressure to seek cost recovery through GRCs or other mechanisms during the transition period. Relatedly, indications of substantial transition-period cost recovery needs, regardless of sequencing, were also noted. For example, NW Natural expressed concerns with its 2029 placement and stated that a later filing date could increase reliance on interim mechanisms or create significant cost pressure on year 1 MRP rates.

Finally, AWEC proposed that the MRP framework be accelerated to allow MRPs to begin in 2027. Several non-utility stakeholders, including the Energy Advocates, supported staggered filings, but questioned whether the proposed order sufficiently accounted for recent cumulative rate increases or avoided overlapping filings in shared service territories.

Based on these insights and comments, Staff recommends the Commission open a rulemaking proceeding to adopt the final revised MRP Schedule proposal with sequencing shown in Figure 3 below. Staff's final proposal continues to prevent more than two concurrent MRPs but is more specific about the timing of and between electric and gas MRP filings. Under Staff's proposed rule, gas and electric utilities would each have a three-month window to file their MRPs starting November 1 and May 1 of the year before the rate change, respectively. Staff anticipates that utilities will make their filings on or near November 1 and May 1, because otherwise, any rate change would likely be delayed by the winter season rate moratorium. Staff's revised proposal regarding timing, paired with the logic of moving the Idaho Power MRP to 2030, results in a sequencing of one electric and one gas MRP per year, rather than one large and one small utility per year.

Figure 3. Staff's Final MRP Proposal

Filing date	2027	2028		2029		2030	
May		PAC		PGE		IPC	
November	AVA		NWN		CNG		TBD-->

[Attachment 2](#) provides a monthly view of Figure 3 to help illustrate the review period

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between filing months and rate effective for each utility's first MRP and potential overlap across utility MRP review periods.

While this proposal provides several advantages, Staff notes that it carries risk. If the AR 676 MRP framework rules are not finalized far enough in advance of November 2027, the gas schedule would shift forward 12 months or otherwise require adjustment.

MRP Schedule Proposal – Administrative Rules

[Attachment 1](#) contains Staff's proposed addition to the administrative rules in Division 22 of OAR Chapter 860 establishing the recommended sequencing of initial electric and gas utility MRP filing years. Providing the MRP sequencing in rule now provides the utilities and stakeholders more predictability and capacity to plan transition period cost recovery needs while allowing the longer runway needed to develop the MRP framework in AR 676.

Several parties commented on the need for administrative rules. PGE and NW Natural recommended that the schedule not be codified in rule citing the need for future flexibility and the administrative burden associated with revising rules if adjustments become necessary. PGE stated that adoption through Commission order would better preserve the Commission's ability to respond to changing conditions. Similarly, multiple other commenters highlighted that codifying dates may not be desirable if subsequent refinements are expected.

Staff understands the hesitation to lock in the timing and frequency of cost recovery requests in advance. Disciplining schedules is the underpinning of the transition to MRP and Staff is committed to maintaining a set sequencing and cadence of initial MRPs with waivers available for emergencies. Transitioning to a new paradigm creates discomfort, but establishing administrative rules is the best way to advance predictability for utilities, shareholders, stakeholders, and customers. It is also the best approach to maintain focus during the development and launch of the MRP framework in AR 676 and prevent jockeying around the MRP schedule from bogging down the remaining MRP framework discussion.

That said, Staff's proposed rules are designed to incorporate some flexibility within the proposed sequencing and cadence by focusing on filing timelines that are "no earlier than" a certain date. They do not require a specific filing date and allow some level of strategic overlap between large utility MRPs.

Other suggested changes do not seem practical, particularly accelerating the development of the MRP framework beyond the proposed AR 676 schedule or allowing

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utilities to file MRPs before the MRP rules are adopted. Staff is opposed to MRPs in advance of an MRP framework in rules. Staff is concerned about alignment with the language of HB 3179 which directs the Commission to “establish rules requiring an electric or natural gas company to establish a multiyear rate plan for rate revisions”, including not just the schedule, but the “procedural and content requirements for a multiyear rate plan.”⁶

Staff Transition Period Concepts

The transition period covers the time before each utility files its first MRP subject to the winter moratorium and stay out provisions of HB 3179. Staff aims to maintain predictability for utilities and customers, contain administrative burden, and avoid transitional approaches that could complicate future MRP design. The principles and perspectives below are intended to support these objectives and allow Staff and stakeholders to concentrate resources on developing the MRP framework.

Principles

Utilities will continue to face ongoing investment needs and non-discretionary costs during the transition. Staff recognizes the need to balance these pressures with affordability and the potential for rate shock, particularly for utilities with later MRP filing dates. With that in mind, Staff recommends the following guiding principles for the transition period:

1. Balance affordability, financial stability, and administrative capacity.
2. Focus on targeted, high priority, and disciplined costs.
3. Provide clear expectations that enhance predictability and help utilities plan to avoid under recovery.

These principles are intended to guide Staff’s review of transition period-filings and support a consistent, measured transition to MRPs.

Staff Transition Period Perspectives

In Staff’s initial proposal, the transition-period concepts included detailed, prescriptive implementation elements for cost recovery tools, including GRCs and Alternative Ratemaking Mechanisms (ARMs). While Staff continues to see merit in those earlier guardrails for a managed transition, several of those proposals were removed because stakeholders did not share sufficient alignment on expectations for transition-period filings. Given the diversity of utility circumstances and the lack of agreement on a single, cross-utility transition framework, Staff is not recommending prescriptive requirements for transitional cost-recovery tools at this time. Instead, Staff offers its perspectives to guide Commission considerations and to clarify how Staff intends to review cost recovery

⁶ HB 3179 §7(2).

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requests during the transition period.

General Rate Cases (GRCs):

While Staff acknowledges that some utilities may need to file a GRC before MRPs begin, Staff remains concerned about multiple concurrent filings or back-to-back filings during the transition period. To help manage administrative burden and customer impacts, Staff encourages utilities to align any transition-period GRCs with the principles above. These expectations are intended to help manage workload and smooth the transition to MRPs without limiting utilities' statutory rights to seek rate relief when necessary. To this end, Staff recommends utilities consider efforts to:

- Limit GRCs to one during the transition period
- Narrow focus of GRCs and demonstrate O&M discipline
 - Target total rate increase requests to track at or below inflation.
 - Prioritize the use of GRCs where O&M reductions are possible.
 - Focus on bringing new capital projects into rates that are focused on cost-effective reliability, safety, and long-term affordability.
 - Focus on urgent or non-discretionary costs, including investments with short depreciable lives.
 - Focus on projects that can be supported with a thorough non-wires, non-pipes, or other alternatives analysis informed by stakeholder input.
- Be mindful of potential rate shock

Staff's approach in this report differs from the more prescriptive approach Staff proposed to stakeholders in March by removing specific guardrails to GRCs listed below.

- Removed the proposal that utilities limit GRC filings to one within two years of their first MRP (this timing restriction was eliminated).
- Removed the limit of no more than two concurrent GRCs statewide.
- Removed the proposal to phase in rate increases above 5 percent.

Deferrals & Adjustment Schedules:

As previously noted, participants in AR 677 discussions were not able to reach agreement on a strategy for rate case filings. Given this outcome, or lack thereof, Staff will focus on limiting deferrals and other adjustments. Staff believes utilities should aim to limit the introduction of new deferrals during the transition period and will closely scrutinize any new requests. Staff will look for opportunities to streamline or consolidate existing adjustment schedules into base rates when feasible. These steps would reduce year-to-year filings, improve transparency, and support the MRP goal of incorporating a broader set of costs within the multi-year framework.

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Alternative Ratemaking Mechanisms (ARMs):

Narrowly scoped capital recovery mechanisms offer a meaningful opportunity to allow recovery of highly impactful, time sensitive capital without reviewing the entirety of utility spending and capital structures. Stakeholders have raised concerns that ARMs can reduce cost-containment incentives and shift risk to customers. Staff agrees that ARMs should not be used broadly during the transition. However, Staff may consider ARMs when they provide a narrowly scoped and cost-effective alternative to a full GRC and when they reduce administrative burden. In these limited cases, Staff's support would depend on the following conditions:

- The ARM is narrowly focused,
- The ARM provides a smaller scoped *alternative* to a GRC during the transition period,
- The scope and timing of the filing is made such that it is responsive to Staff and stakeholder bandwidth, and
- Demonstration that delayed cost recovery would materially impair access to capital, or
- Demonstration that the Company is at risk of materially under earning in the absence of a GRC or ARM.

Like with Staff's final GRC concept, Staff's described approach to ARMs in this report differs from the more prescriptive approach Staff proposed to stakeholders in March. Changes from the March proposal on ARMs include removal of:

- The specific direction that an ARM include only a single cost or cost category.
- The proposal to require ARM eligibility only when the utility's ROE is more than 250 bps below its authorized ROE.
- The exclusion of cost overruns from ARM recovery.
- The proposal that no investment be recovered unless in-use before the rate-effective date.
- The proposal to require depreciation for the same asset class within the ARM.
- Application of earnings test with refunds for excess earnings and no upward adjustments for shortfalls.

Indexing:

Although parties expressed interest in pursuing an interim indexing mechanisms to minimize administrative burden and smooth rate increases to account for capital and O&M investments, discussions did not yield a shared approach. Staff remains open to utility-specific indexing proposals brought forward in future filings, provided they are simple and transparent. Staff notes that the ability to choose between guaranteed indexing and more comprehensive cost recovery proposals is not consistent with Staff's

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goals for the transition to disciplined, strategic cost recovery and only supports the role of indexing in furthering Staff's proposed principles if it results in utility cost recovery discipline. More complex indexing design will be addressed in AR 676 as part of the broader MRP framework.

Stakeholder Comments on Staff Transition-Period Concepts

Stakeholder comments reflected clear differences in expectations about the Commission's role in ensuring balance and precision in rate recovery requests during the transition period. Several utilities argued that Staff should not recommend requirements that could be interpreted as limiting their statutory right to seek rate relief and emphasized that any transition approach must respect existing provisions in ORS 757 and ORS 756. These stakeholders also cautioned against interpreting HB 3179 as granting broader authority than the statute explicitly provides. Other parties expressed opposite concerns, urging Staff to apply firmer expectations to limit cumulative rate impacts, constrain the frequency and scope of filings during the transition period, and mitigate administrative burden. Many stakeholders also underscored the practical challenge of creating uniform expectations given the significant differences among utilities in size, cost pressures, service territories, investment cycles, and upcoming compliance obligations. This included both utilities and non-utility stakeholders who noted that a fixed set of transition rules could have very different consequences for different companies.

Despite these varied perspectives, several themes were consistent across the comments. Parties acknowledged that the Commission retains established regulatory tools to review the prudence of incorporating costs into rates, evaluate rate impacts, and manage the timing and administrative burden of cost recovery proposals. Many also recognized that utilities have filed or are preparing to file multiple cases across several venues, and that any transition-period framework should consider the broader 2026–2027 workload for Staff, intervenors, and the Commission. Comments further observed that the MRP framework under development in AR 676 will materially shape how the Commission evaluates and manages filings in future years and therefore should remain the primary focus of the Commission and Staff at this stage.

Conclusion

Staff believes its proposal achieves a meaningful balance of historical and future considerations of workload, utility cost recovery expectations, customer impacts, and state energy policy. Staff also notes that moving the proposed amendments to the formal rulemaking phase will provide additional time for Staff and stakeholders to engage with the Commission's Administrative Hearings Division (AHD) on the changes. To this end, Staff recommends that the Commission adopt Staff's recommendation and issue a notice of proposed rulemaking to consider amendments that would establish the

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initial multi-year rate plan filing schedule, inclusive of the proposal described in Attachment 1.

With respect to Staff's transition-period concepts, Staff has stated its principles and perspectives in the record to support transparency and to provide a reference point for how Staff intends to evaluate filings during the period before MRPs begin. While Staff is not requesting the Commission codify transition-period expectations at this time, we invite clarity from Commissioner perspectives to help inform Staff and the broader stakeholder group on transition-period cost-recovery.

PROPOSED COMMISSION MOTION:

Issue a notice of proposed rulemaking to consider an addition to administrative rules under Division 22 of OAR Chapter 860, establishing an initial filing schedule for electric and gas utility multi-year rate plans as reflected in Attachment 1.

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Attachment 1

Chapter 860

Proposed additions to the rules are bolded and deletions are stricken through.

****NOT FOR PUBLICATION****

The following draft administrative rules have been prepared as a working draft for purposes of deliberation. These rules have not been approved for publication or for any other use by Staff or the Public Utility Commission of Oregon. A notice of proposed rulemaking has not been issued on this subject.

OAR 860-22-XXXX

Multi-year Rate Plans

- (1) This rule applies to public utilities engaged in the business of distributing electricity, natural gas, or both, to retail customers in this state.
- (2) Each public utility must file a multiyear rate plan for rate revisions that subjects the public utility's return on equity to review or modification, according to the schedule set forth in subsection (3).
- (3) The following sets forth the calendar year in which each public utility must file its first multi-year rate plan required under ORS 757.217:
 - (a) Avista Utilities shall file no earlier than November 1, 2027, and no later than January 31, 2028;
 - (b) PacifiCorp shall file no earlier than May 1, 2028, and no later than July 31, 2028;
 - (c) Northwest Natural Gas Company shall file no earlier than November 1, 2028, and no later than January 31, 2029;
 - (d) Portland General Electric Company shall file no earlier than May 1, 2029, and no later than July 31, 2029;
 - (e) Cascade Natural Gas Corporation shall file no earlier than November 1, 2029, and no later than January 31, 2030;
 - (f) Idaho Power shall file no earlier than May 1, 2030, and no later than July 31, 2030.
- (4) After a public utility makes its first multi-year rate plan filing under this rule, the public utility will file subsequent multi-year rate plans on a schedule to be determined by the Commission.

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Attachment 2

Staff's Final MRP Proposal, Process Overlap View:

	27	2028												2029												2030												2031				
	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A
AVA																																										
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CNG																																										
IPC																																										

* Note: Case pendency is estimated based on 30-day rate effective date from filing plus a 10-month suspension